RECORD RETENTION REQUIREMENTS
FOR PROVISION 2 AND 3 SCHOOLS

PURPOSE: This instruction sets the policy regarding the Department of Agriculture's (USDA) recordkeeping requirements for schools implementing one of the special assistance cerification and reimbursement alternatives, Provision 2 and Provision 3.

SCOPE: Sponsors of the National School Lunch Program (NSLP), the School Breakfast Program (SBP) or the Special Milk Program (SMP)

DESCRIPTION: The purpose of this instruction is to inform sponsors of the NSLP, SBP and SMP of the recordkeeping requirements.

Program regulations require school food authorities (SFAs) to maintain records, as specified in 7 CFR parts 210.15(b) and 220.7(e). SFAs are to retain records for three years after submission of the final Claim for Reimbursement for the fiscal year (FY) to which they pertain. If audit findings have not been resolved, the records must be retained beyond the 3-year period for as long as required for the resolution of the issues raised by the audit.

The "Base Year" is the last school year that eligibility determinations were made and meal counts were obtained by type (free, reduced price and paid). A "Non-base Year" is any year during a Provision's cycle which is not a base year.

Base Year

Because the statute permits Provision 2 and Provision 3 schools to earn cash and commodity assistance for the base year and 3 or more subsequent years on the basis of base year data, SFAs must retain some of their base year records beyond the 3-year period. Records that must be retained beyond the 3-year period are those which support subsequent year earnings. This includes base year documentation of participation data, approved/denied free and reduced price applications, direct certification data and verification records. In addition, enrollment data for the base year must be retained for schools under Provision 3.

Such records must be retained during the period the Provision is in effect, including all extensions. In addition, such records must be retained for 3 FYs after the submission of the last Claim for Reimbursement of the final fiscal year which employed base year data. For a Provision 2 or 3 school, base year data must be retained for 7 years, and longer if extensions are granted.

Non-base Year

For non-base years, records must be retained for 3 years after submission of the final Claim for Reimbursement for the FY to which they pertain. Non-base year records for SFAs of schools under Provision 2 must include records of total daily meal counts of reimbursable meals, edit checks, and on-site review documentation. Non-base year records for schools under Provision 3 must include records of on-site review documentation and annual enrollment data which was used to adjust the level of assistance.

Extensions

Additionally, SFAs which receive an extension of Provision 2 or 3 must retain records of the socioeconomic data used to determine the income level of the school's population for the base year and year(s) in which extension(s) were made. Such records must be retained during the period the Provision was in effect, including all extensions, plus 3 FYs after the submission of the final Claim for Reimbursement for the FY which employed base year data.

Other Records

Recordkeeping requirements for other records related to the operation of NSLP and SBP for schools under Provision 2 or Provision 3 remain unchanged.

As a reminder, if review or audit findings have not been resolved, the records must be retained as long as required for the resolution of the issues raised by the review or audit.

Failure to maintain base year and subsequent year records must result in corrective action, including, but not limited to, requiring the school to establish a new base year or return to standard meal counting and claiming procedures. In addition, lack of required records may result in the calculation of an overclaim extending back through the base year.

SOURCE: FNS Policy Memo, Dated September 14, 1999 USDA, Food and Nutrition Service; FY 99 Nutrition Education and School Meals Programs #22-99